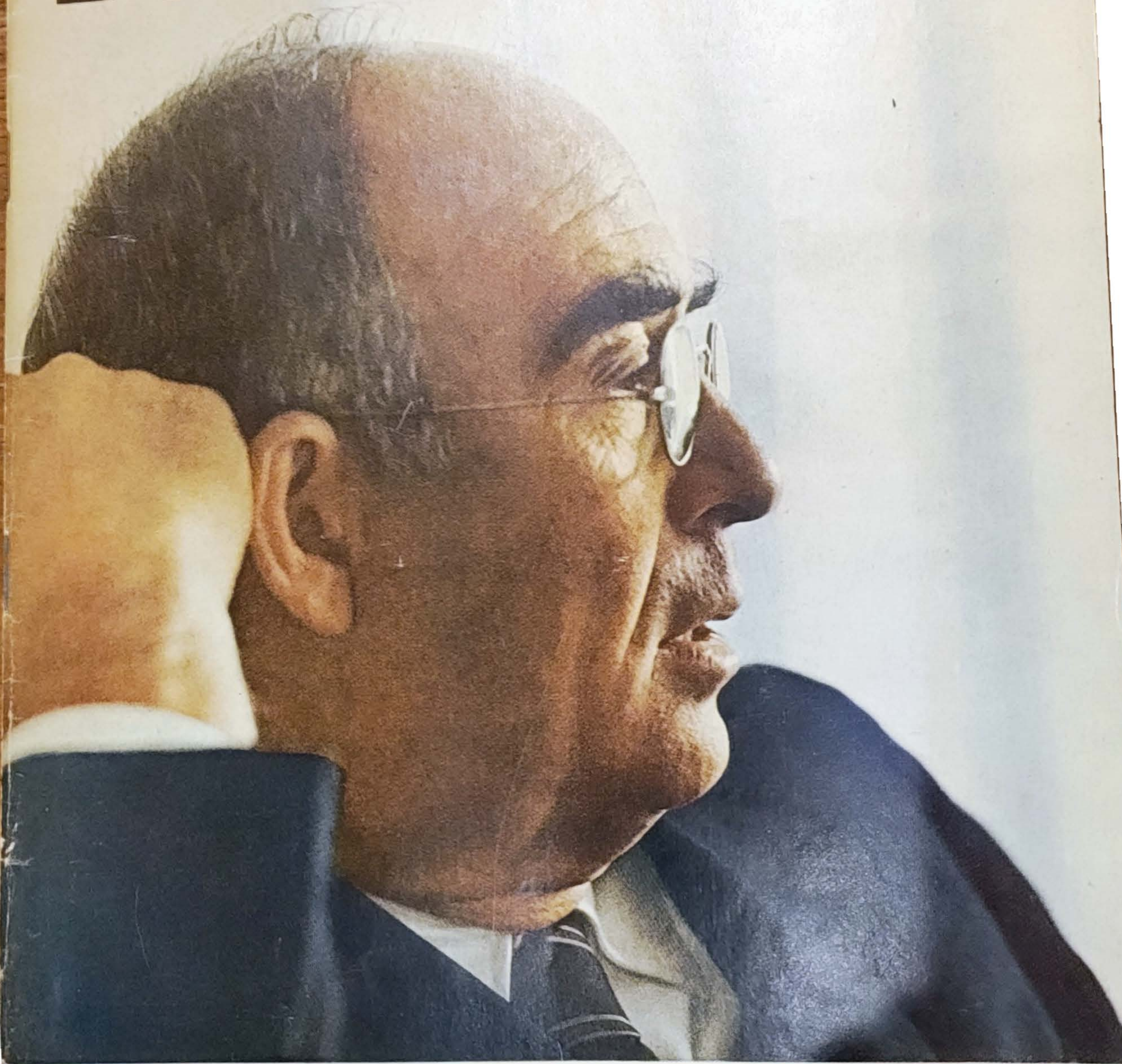


Business Week



George A. Spater, president of American Airlines

**An airline boss tackles
the people problem Page 50**

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MARKETING

How you tempt the well-to-do

Hammacher, Schlemmer has built its image on quality and service. But a plus ingredient is leading with new products





Customers who live in luxury apartments seek conveniences like prepared gourmet foods, skewers for hibachi cooking, and easily stored items.



Few retailers know better than Dominic Tampone how sweet are the uses of prosperity—and how exacting. Urbane, friendly, and quietly decisive, he has devoted 38 of his 53 years to serving the needs and whims of the elite of New York as well as the world.

Tampone's entire career has been spent at the same exclusive stand: that famous old hardware store turned gift and household specialty shop: Hammacher, Schlemmer & Co.

The question nagging Tampone ever since he became president in 1958 is: "What can I have for my customers next year?" His answers all focus on building a profitable enterprise in a framework that keeps the rich contented, covetous, and coming. And these answers apparently work. During his tenure, the store's sales have quadrupled to about \$8-million annually.

New hands. The old shop had its ups and downs in the decade or so following the death in 1945 of William F. Schlemmer, son of the founder. Tampone had been at the helm two years when Chester H. Roth of Kayser-Roth, the diversified apparel maker, bought the operation as a personal investment. With Roth's backing, Tampone continued to build his beloved store the way he thought it should go.

The process has taken interesting paths. In 1961, he established a brand line through a new subsidiary, Invento Products. Invento, in essence a buying agency, exists primarily as a supplier for Hammacher, Schlemmer, and today accounts for 25% of the store's merchandise. But Invento, which does about \$2.6-million annually at wholesale, also has some 3,000 other retail customers ranging from Sears, Roebuck to Neiman-

Marcus. Still Hammacher, Schlemmer accounts for 55% of its volume.

Invento grew out of Tampone's never-ending search for products that will entice customers back to the store again and again. "The rich," he says, "are looking for ways to spend their money. It's the manufacturers' and retailers' fault if people aren't spending more."

Appeal. Quality, of course, is the prime requirement, and Hammacher, Schlemmer strives to carry only the best. But quality alone lacks spice. The magic word these days is "new," and new products, for the rich, rapidly become old. "I've got a blender," customers say, "and I've got an electric carving knife."

Tampone believes Hammacher, Schlemmer merchandise has no boundaries. However, he says, "we look for the functional, rather than the purely decorative." And to be functional, a product must fit the times.

Here Tampone shines. While his "faithful customers" have not changed, their circumstances have. They have moved away from great brownstone houses into apartments. It's close-quarters living now, and the collapsible, adjustable, disposable item ranks high: a folding banquet table, plastic water goblets, small refrigerators. "I have a closet full of ideas for items for close-quarters living," says Tampone, "if I can ever get to develop them."

As servants grow scarce it has become a do-it-yourself world. Anything that simplifies life sells well. Amana's electronic cooker, the Radarange, which cooks in minutes, is a current hit.

"We sold over 80 in six weeks at \$500," Tampone says. "It's an impulse item with our customers. They

come to buy a \$10 strainer, and get fascinated by the Radarange. They ask me if it's good, I tell them I think it is, and they buy it."

Gift problems. Clearly, it's a pampered world, desperate for something new not only for itself but to give others. "Take this pocket pepper mill for the man who must have fresh pepper wherever he goes," says Tampone. "Perhaps his wife gives it to him—it gets her off the hook." For pampering at a different level, there are antique frogs of painted bronze made in Austria. The set of 37, a one-of-a-kind item, is priced at \$6,000.

Invento carries some fearful and wonderful objects: an electric pants presser valet for \$125 (it outsells the \$15 old-fashioned kind); a sleeping machine that whirrs you into somnolence for \$19.50; a three-dimensional tic-tac-toe game in Lucite for \$10.

While merchandise is paramount, Hammacher, Schlemmer uses special means to draw customers in. One appeal, Tampone believes, is that the store "understates." Merchandise is bunched together, wherever there is room—no beautiful coordinated displays such as fine department stores have.

The eight catalogues mailed out yearly to some 700,000 prospects are "understated," too. No de luxe paper but with pictures small and unpretentious. "I run the risk of losing customers," Tampone admits, "but I would rather do it this way. If the picture is misleading, this is sale No. 1, and the last sale."

Anything, anytime. He yearns to offer the ultimate in service, and customers want that more than ever today, Tampone believes. Recently to accommodate African royalty, the store stayed open 90 minutes beyond closing time while the distinguished shopper bought \$20,000 of goods.

Special orders are important—they account for about 25% of volume. Sales come in quantities that make

You name it, Hammacher, Schlemmer President Tampone should have it. China dog is priced at \$1,000 a pair. Espresso coffee maker before it carries \$200 tag. Other items include electronic diet watcher, \$15, and burglar alarm, \$12.50.



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Tampone still marvel. A recent order covered 500 tablecloths and 300 dozen napkins. One lady simply mails back her catalogue with the items she wants checked off. Last time her order totaled \$8,000.

For Tampone's staff, the work is routine. But getting personal involvement from the average sales clerk is another matter—and a hard one for Tampone to understand. "It was when customers came in with troubles that I shone," he says of his days on the selling floor. The more obscure the request—an elevator to carry people up a cliff from a beach, say—the happier he was. Not so now. "It's the generation gap," he sighs. "Work has dreadful connotations. We ought to call it something else."

Squeeze. The perennial rise in costs hits hard. About 70% of all sales are charged, and 25% come by direct mail and 15% by telephone. A staggering 80% of all purchases are delivered. In Tampone's view, the economics of home delivery put a floor under the prices of goods. On a \$5 item, he says, "we can't afford the 95¢ delivery charge and another \$1.50 pickup fee if we make a mistake or the customer changes her mind."

He would eliminate the \$5 item, or at least play it down. "When Woolworth sells \$50 to \$100 merchandise, why should we carry a \$5 item?" he asks. Unit sales now average \$23, up from \$17 five years ago, partly because of this policy.

Appeal. In effect, Tampone is putting his money where it always has been—on the rich. He guards the Hammacher, Schlemmer image like a lion with the blessing of Chester Roth, who calls the image the store's greatest asset.

Consequently, there is no special bid for the young, except through the merchandise. Nor does Tampone make extra efforts to lure this new market. "In the limitations of space, we can't take care too nicely of a mass clientele," he sums up.

Instead, Invento extends the Hammacher, Schlemmer influence. Its entry into wholesaling came about because no product these days stays exclusive very long. If it's good, it gets knocked off fast. Tampone figures that if other stores are going to duplicate certain items anyway, Invento might as well be the instrument.

Braintrust. Many ideas for Invento products come right from Tampone's mind. "I thought of a toast holder," he says, "with a candle under it to keep the toast warm." He is proud too, of such items as the egg slicer and the coffee cooler (his own inven-

tion), which is a solid metal spoon to absorb heat.

Some Invento merchandise may be old, hard-to-find workaday products, such as copper cooking utensils. Quite a lot comes from Europe, where craftsmen still will do things your way. Good relations with small, inventive entrepreneurs also helps. "We have no buying hours," Tampone explains. "Our doors are always open. It interferes with our routine sometimes, but it makes small manufacturers feel welcome."

Tampone has no set buying season, and any time a good product shows up is a good time to buy. This makes it possible to grab a hot item when it comes, but it also can lead to piled-up inventories. "I hide behind the screen when the comptroller comes," he says.

Retailers handling Invento products appreciate the 40% to 50% markup they can make on the line as well as the service Invento performs by sending buyers to comb through all gift, housewares, and notions shows.

New ground. Last year, Tampone began allowing one store in a city to set up an Invento Cupboard, perhaps 10 ft. by 20 ft., that features the line. So far, nine Cupboards are operating in such establishments as Stix, Baer & Fuller in St. Louis and Jordan Marsh in Boston.

Abercrombie & Fitch, the snazzy New York sporting goods store, is working on a similar scheme to feature Abercrombie-brand items to be distributed singly or as entire shops through its recently acquired importer, E. J. Coles.

However, Tampone has vetoed the idea of branches; few cities have the market to support a full-fledged Hammacher, Schlemmer store, and he feels a poorly run enterprise would hurt the famous image. Instead, he would buy up fine old names, as he has done with Plummer-McCutcheon, New York's famous china, crystal, linen combine.

The only deterrent to spending among the rich now, Tampone finds, is emotional stress—and nowadays there's plenty of that. "It's not the thing to be flamboyant about your money any more," he believes. Yet, should such a trend materialize, Hammacher, Schlemmer stands to weather it well, to his thinking.

Basically, he insists, Hammacher, Schlemmer is a "practical store," and he likes to compare it with another famous retailer. "When you buy a silver pepper pot at Tiffany's, you're buying the silver—Tiffany means silver to most people. When you buy a pepper mill here, you buy it because it's a pepper mill." **End**